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January 9, 2018

Bridget O'Bannion
Dependent Administratrix for
Estate of Jerry Todd Cross
340 South Village Parkway
Lumberton, Texas 77657

Via certified and regular mail

Re: *Tyler Thibodeaux, Individually and as Next Friend of Baelynn Thibodeaux, a minor v. Bridgette O'Bannion, Dependent Administratrix of Estate of Jerry Todd Cross*, No. 200919, 58th Judicial District Court, Orange County, Texas.

RESERVATION OF RIGHTS
SUPPLEMENTING LETTER OF NOVEMBER 30, 2017

Ms. O'Bannion:

I write on behalf of Foremost Insurance Company Grand Rapids Michigan (the Insurer) concerning its obligations, if any, to defend and indemnify you in your representative capacity as Dependent Administratrix of the Estate of Jerry Todd Cross (you or the Insured) in the above-referenced lawsuit, a copy of which is attached as **Exhibit 1**. Generally, this lawsuit sets forth a claim for Baelynn Thibodeaux's personal injuries arising out of a boating accident that occurred on Lake Sam Rayburn on July 6, 2016. The Insurer previously settled the personal injury claim of Ms. Casey Thibodeaux, an individual who was injured in the subject boating accident and who had over \$100,000 in medical expenses alone, for the policy limit of \$100,000.

You have requested a defense and indemnity under Marine Choice Policy No. 602-0075694087, issued to Jerry Todd, a copy of which is attached as **Exhibit 2**. This reservation of rights letter supplements the letter previously sent to you on November 30, 2017.



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Exhaustion of Policy Limits

Pursuant to the insurance policy in question, the Insurer's obligation to defend or indemnify its Insured ends with the payment of the policy limits. I refer you specifically to the following provision of the insurance policy:

Our duty to defend any claim or suit ends when the amount we pay in settlement or judgment for damages . . . resulting from the accident equals the Limit of Liability shown on the Declaration Page.

See **Exhibit 2**, Marine Choice policy at Section III, Coverage E, Personal Liability at page 8. The declarations page demonstrates that the Limit of Liability for Coverage E, Personal Liability is "\$100,000 each accident". As a consequence of the settlement with Casey Thibodeaux, the Insurer has no duty to defend or indemnify you in the above-referenced suit.

Declaratory Judgment Action

The Insurer has instructed my firm to file and obtain a declaratory judgment establishing that under the policy there is no duty to defend or indemnify you in the referenced lawsuit. In the interim, however, the Insurer will provide you with a defense to this lawsuit, subject to this reservation of its rights under the policy in question and subject to a determination of the parties' rights and responsibilities in the declaratory judgment action.

Defense Provided Subject to Reservation of Rights

The attorney hired, at the Insurer's expense, pending the resolution of the issues in the declaratory judgment action is:

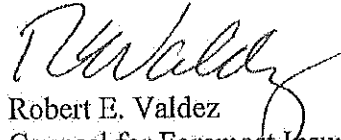
Kenneth Chambers
Attorney at Law
3915 W. Davis, Suite 130 #287
Conroe, Texas 77304

Mr. Chambers will be contacting you in this regard.

This reservation of rights is sent to you based on the facts known to us to date. Should any additional material facts become known to us, we may amend or modify this reservation of rights. Should there be any amendment of this petition filed in the referenced lawsuit or a material change in the facts underlying the lawsuit, please advise us immediately so we may be able to re-evaluate our position taken in our reservation of rights, if appropriate.

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Sincerely,

A handwritten signature in black ink, appearing to read "R. Valdez", with a stylized flourish at the end.

Robert E. Valdez
Counsel for Foremost Insurance Company
Grand Rapids Michigan

enc.: Exhibit 1 (lawsuit)
Exhibit 2 (Marine Choice insurance policy)

cc: Kenneth Chambers, Esq.